FEBRUARY 11, 1963

CCC Credit Program

Egypt's Cotton Export Controls

India's No. 1 Farm Problem

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

THE UNIVERSITY OF MICHIGAN

PERIODICAL READING ROOM

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Including FOREIGN CROPS AND MARKETS

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Village grain market, India

Contents

3 **The CCC Credit Program**

5 **Egypt's Cotton Export Controls**

7 **India's No. 1 Farm Problem: Food Grains**

8 **India Awarded Three Grants for Corn Research; The U.S. Would Benefit Too**

9 **Market Development**

- USDA Specialist Sees 25 Percent More U.S. Breeding Cattle Going to Mexico
- Jacques Seed Company Gets Coveted "E" Flag
- U.S. Turkey Roll Gets Japanese Entry Permit
- U.K. To Hold Its First USSR Agricultural Fair
- Australia Widens Search For New Dairy Markets
- Ecuadoran Village Builds A Pilot School Lunchroom
- Pre-Mix Flour In Japan
- P.L. 480 Aids U.K. Study

11 **Crops and Markets** (Commodity index on page 16)

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DEPOSITED BY THE
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THE CCC CREDIT PROGRAM

U.S. exporters find that the deferred payments help promote dollar sales of our surplus farm commodities.

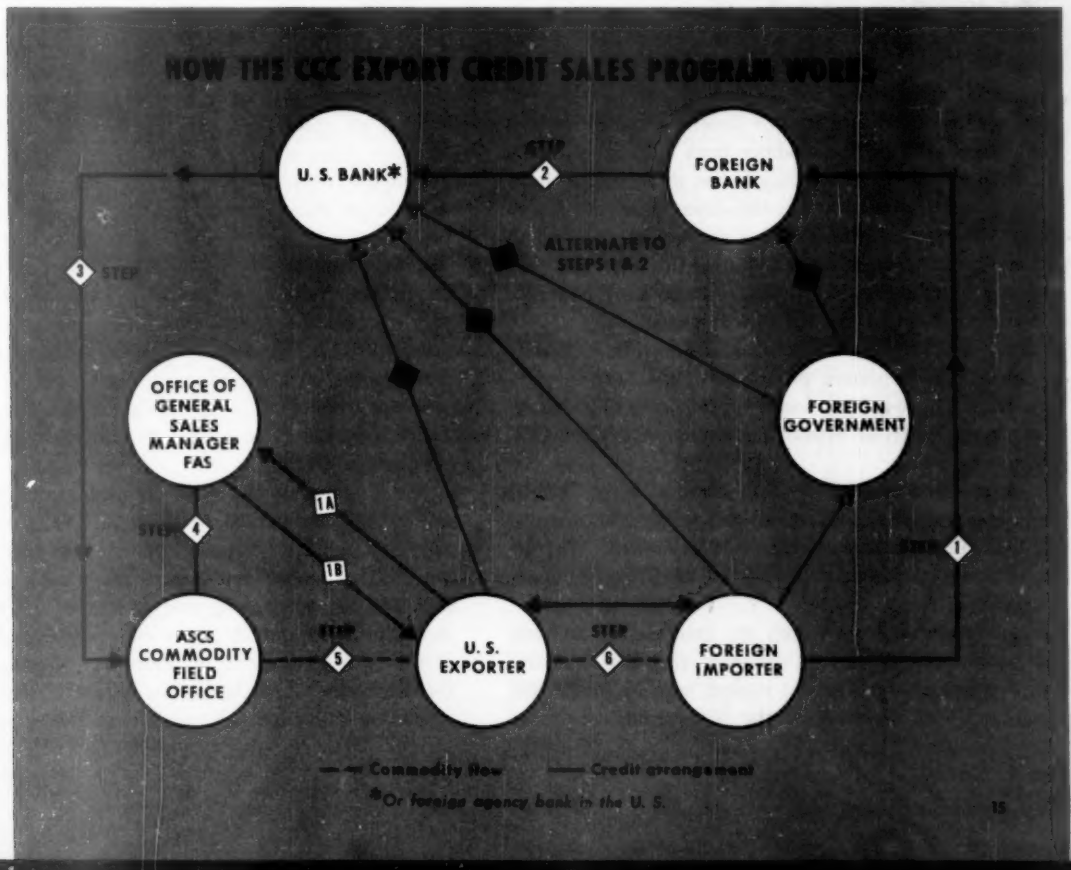
By JOHN H. DEAN
Deputy General Sales Manager
Foreign Agricultural Service

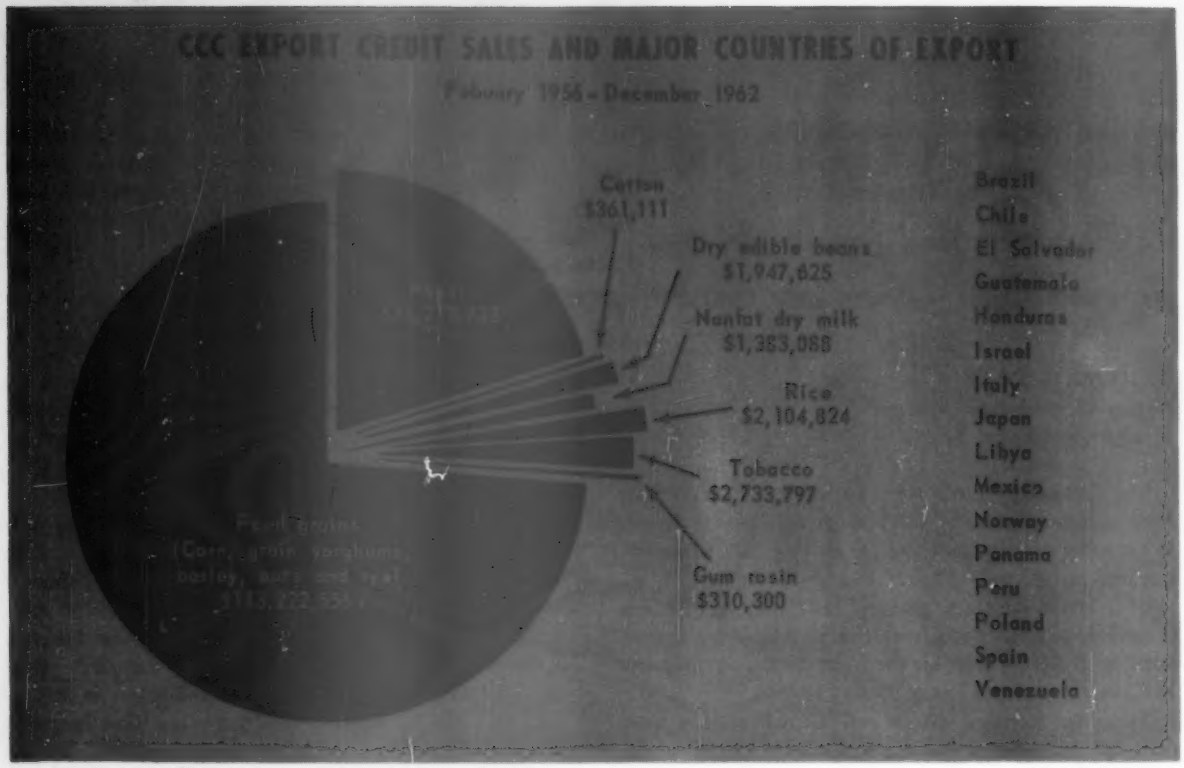
The Commodity Credit Corporation Export Credit Sales Program administered by the Foreign Agricultural Service is becoming an important tool for moving CCC commodities into export.

CCC credit sales are growing fast. During the first 6 months of fiscal 1963, they totaled $44,493,686, compared with $32,947,499 for the entire fiscal year 1962 and $18,244,050 for fiscal year 1961.

The recent increased interest in CCC credit sales is partly due to U.S. exporters finding the program helpful in developing new dollar feed-grain markets. The program has provided working capital for use by new flour mills in El Salvador, Guatemala, Panama, Honduras, and Libya. In a number of instances CCC credit sales have been an important assistance to Title I, P.L. 480 countries in meeting their usual marketing requirements. Favorable interest rates now available have also undoubtedly stimulated CCC credit sales.

Until February, 1956, CCC sold only on a strictly cash basis; however, after discussions with officials of U.S. banks, the present program was developed and announced. It provides for the sale to private U.S. exporters of commodities in CCC inventory and of tobacco under loan, on a deferred-payment basis for periods up to 3 years. Special restrictions apply to wheat and feed grains in accordance with the provisions of the Payment-in-Kind Programs and in deference to friendly competing countries. Interest is charged at the rate announced each month by CCC and runs from the date of purchase until the end of the deferred payment period. Current rates are 3½ percent per





annum for credit periods up to 12 months and 4 percent for credit periods over 12 to 36 months.

Assurance of payment

For all purchases made under this program there is required an assurance of payment from a bank in the United States, usually in the form of an irrevocable letter of credit. (A foreign agency bank licensed under New York law will qualify as a bank in the United States.) The exporter is not obligated to buy commodities from CCC if granted a credit approval. If he is going to use the approval, however, he must purchase the commodities under the appropriate sales announcement within the period specified in the credit arrangement. To the extent that the bank obligation is issued on the basis of the importer's line of credit, the exporter's line of credit will not be used.

Since sales are made and credit is extended by CCC only to private U.S. exporters, provisions of the Cargo Preference Act (P.L. 664, 83rd Congress) requiring shipment on U.S. flag commercial vessels are not applicable to CCC credit sales.

U.S. exporters apply for a credit approval to the General Sales Manager, Foreign Agricultural Service, Washington 25, D.C., under announcement GSM-1, Revised. Exporters desiring to purchase tobacco on credit apply under GSM-2.

As a matter of policy, with the exception of tobacco, CCC credit arrangements are not approved where the country of export is a cash dollar market, such as the United Kingdom, West Germany or the Netherlands. Sales of feed grains have been approved for export to growing markets, such as Japan and Italy, where prior to the use of barter or CCC credit the United States had not developed a sizable dollar market for feed grains.

Credit benefits retained

Although the program was designed to promote additional business or to retain existing markets through the extension of credit by the U.S. exporter to the foreign importer, there is one provision whereby the U.S. exporter retains the credit benefits. This is where the credit period is no longer than 6 months and the U.S. exporter furnishes an assurance of payment in the form of a letter of credit, issued or confirmed by a U.S. bank, obligating the bank to accept time drafts drawn by CCC. In such instances, CCC may discount the draft in the money market, thereby obtaining what is virtually cash payment. Under this type of arrangement it is not necessary for the U.S. exporter to pass the credit benefits on to the foreign buyer, and the U.S. exporter is given greater flexibility in negotiating export transactions.

Since the commodities which may be exported under CCC credit are limited to those in CCC inventory, the range of eligible commodities is somewhat restricted. Nevertheless, except for cotton, the main surplus items, such as corn, wheat, and grain sorghums, have been sold in considerable volume. Commodities sold under the program, the main countries to which they are exported, and the mechanics of purchasing are shown in the charts that appear on this page and on the one preceding.

Egypt's Cotton Export Controls

Egypt's year-old cotton nationalization program has met its goal of selling more cotton to the West. Can it continue to do so?

By VERNON L. HARNESS, *Cotton Division*
Foreign Agricultural Service

Supply and demand may prove in the long run a more decisive factor in where Egypt's future cotton exports go than the export controls of Egypt's year-old nationalization program for cotton through which the country hopes to sell more of its cotton to dollar purchasers.

On the surface, nationalization appears to have successfully reversed the sharp increase in exports of Egyptian cotton to Soviet Bloc countries which began after the Suez crisis in 1956. Only 636,000 bales went to Bloc countries last season, compared with 1.1 million bales in 1960-61. At the same time, Egypt increased exports to non-Communist nations from 479,000 bales in 1960-61 to 485,000 last season.

Will this reversal continue? It would, if the export controls devised by the Egyptian Government can overcome a number of difficult problems.

Egypt feels a critical need for larger amounts of foreign exchange in hard currencies both to speed the buildup of its domestic industry and to meet increasing requirements from an expanding population. Since cotton accounts for more than three-fourths of Egypt's foreign exchange earnings, government planners naturally look to increased exports of cotton to non-Communist countries for much of the needed hard currency.

Egyptian officials would like to reduce the country's economic dependence on Communist trade. There has been considerable resentment over Communist attempts to manipulate Egypt's cotton export market. One of the techniques used was the barter of goods and services to Egypt in exchange for cotton at prices above world market levels for all items involved, particularly extra-long staple, a type used mostly in making fine cloth and for blending with manmade fibers. Some Communist countries then re-exported sizable quantities of cotton to Western Europe under special arrangements and at prices below those at which Egypt was trying to sell cotton direct to Western Europe. In this way, the Communist Bloc prevented Egypt from gaining additional hard currency, which in turn tended to keep the country dependent upon the Bloc.

Export controls tightened

Nationalization of the cotton industry began in 1961. Probably because of reluctance to disturb the principal foreign exchange earner, it was the last major enterprise to be nationalized. In June, laws were passed requiring cotton exporting establishments to sell at least half of their stock to the government for national bonds and to allow government representation on company boards. Small companies were reorganized into larger units. The Egyptian cotton futures market was closed, thereby eliminating market speculation and hedging. Exporters were required to buy cotton from the Egyptian Cotton Commission, a government agency, or, if they bought it locally, to sell it to the Commission for a fixed price, and then repurchase it from the agency for export at a lower price. In this way, the producer price could be held up and the export price could be made competitive on world markets.

Exporters were required to request permission from the Commission to ship cotton to Bloc countries. Discount

EGYPT'S COTTON EXPORTS TO PRINCIPAL DESTINATIONS (Year beginning August 1)
(Bales of 500 pounds gross)

Destination	Average 1950-54	1959	1960	1961 [1]
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*
Non-Communist:				
Austria	22	23	22	22
France	171	62	47	65
Germany, West	96	112	29	35
India	178	167	76	74
Italy	135	81	40	58
Japan	71	81	61	42
Netherlands	29	10	2	1
Spain	53	12	37	67
Switzerland	51	32	21	11
United Kingdom	160	44	13	32
United States	91	97	106	61
Other countries	99	33	25	17
Total non-Communist	1,156	754	479	485
Total ELS cotton going to non-Communist [2]	508	625	373	342

Destination	Average 1950-54	1959	1960	1961 [1]
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*
Communist:				
Bulgaria	3	21	15	10
China Mainland	36	252	73	54
Czechoslovakia	33	177	267	131
Germany East	5	79	58	51
Hungary	25	36	42	23
Poland	18	83	79	36
Rumania	12	37	59	59
U.S.S.R.	41	345	416	219
Yugoslavia	18	34	92	50
Other countries	0	0	2	3
Total Communist	191	1,084	1,103	636
Total all countries	1,347	1,838	1,582	1,121
Total ELS to Bloc [2]	112	611	545	441
Total ELS [2]	620	1,236	918	783

[1] Preliminary. [2] Included in above figures.
Note: ELS—extra long staple.

sales to hard currency countries, ranging up to 18 percent for dollar sales, were prohibited. Thus, it was expected that shipments to the Bloc could be held near the unofficial maximum of about half of total exports. The method adopted for preventing re-exports from Communist countries was the selling to individual countries of only as much cotton each season as the country was expected to consume. In April 1962, the Alexandria spot market was closed, thus eliminating all purchases and sales of cotton except through the Commission.

Coincident with nationalization were several factors which also contributed to the change in the pattern of the country's cotton export trade.

Cotton supplies fall

Egypt's cotton supply in 1961-62 was 23 percent lower than the previous year's because of insect and flood damage to the crop and smaller-than-average beginning stocks on hand after big 1960-61 exports. Production of extra-long staple, normally about half of the total crop, fell nearly 40 percent from 1,045,000 bales to 638,000.

In addition, Egyptian consumption was continuing to rise because of increased domestic demand and the need to supply more cotton for textile exports, also being looked to as a source of foreign exchange. In order to assure an adequate supply of cotton for domestic industry, the government in 1961-62 prohibited the export of Ashmouni, the ordinary long staple cotton which makes up the bulk of Egypt's cotton consumption.

The result was a drop in cotton exports last season to 1.1 million bales, one-third less than the previous year's exports of 1.5 million, and nearly 40 percent below the longtime high of 1.8 million bales in 1959-60.

With supplies thus reduced, Egypt was better able to direct its exports as it wished and was not forced by excess stocks to send its cotton into the trade channels built up with the Bloc countries in recent years. Exports to the West rose, while the share of exports going to all Communist destinations last season dropped to 57 percent of total shipments, compared with 70 percent in 1960-61, the largest proportion on record. Most significant drops were in exports to the larger Communist importers—those most frequently suspected of re-selling cotton to the West.

Extra-long staple exports

Probably the biggest impediment to Egypt's ability to maintain this redirection of its cotton exports lies in its growing dependence on extra-long staple cotton (ELS). Seventy percent of Egyptian cotton shipments last season were of this premium fiber, compared with an average of a little over 50 percent during the 1950's.

Demand for ELS is not growing in most Western countries, except in the United States, largely because of increasing competition from manmade fibers. Extra-long staple constitutes less than 5 percent of the world's cotton production and consumption, and less than 10 percent of the trade. The supply promises to reach an all-time high of around 3 million bales in 1962-63, while demand is not expected to exceed 1.7 million bales.

However, demand for ELS is holding up in Bloc countries, as for cotton in general. Last season, the USSR merely bought elsewhere the cotton not purchased from Egypt. Mainland China, one of Egypt's largest markets, continues to need additional fiber badly, but with almost non-existent foreign exchange reserves and a low supply of materials for barter, was unable to obtain the quantity needed.

Extra-long staple's importance in Egypt's cotton future is underlined by the fact that while Egypt sold less cotton to the Bloc last year because of (1) intent to sell to the West, (2) lower supplies to sell, and (3) the inability of one of its biggest Bloc customers to buy—the proportion of ELS going to the Bloc actually rose noticeably over that of the previous year. The Free World took moderately larger quantities of medium and long staple types.

Sales to Bloc rising

Early reports for the 1962-63 season show heavy sales of Egyptian cotton to both the West and the Bloc, but with Communist countries reportedly taking about 72 percent. In direct contravention of Egypt's new cotton controls, Western European countries are reportedly buying Egyptian cotton at special discount prices, either from Communist countries, or from brokers elsewhere, just as they did prior to nationalization.

It remains to be seen whether larger proportions of Egyptian cotton can continue to be sold to the West in the face of increasing competition and static or declining demand for extra-long staple cotton in world import markets. Problems, too, are inherent in the Egyptian policy of restricting sales to Communist countries on the basis of their expected consumption.

Egypt is also undoubtedly finding it difficult to act independently because of its heavy economic involvement with the Bloc, dating from the post-Suez days when the Bloc began supplying military and other aid, such as funds for construction of the Aswan dam, through long-term loans and barter.

In short, if exports to Western countries do not rise, and supplies in Egypt become burdensome, Egyptian officials will find it difficult indeed to resist selling more cotton to the countries of the Communist Bloc.

THE RECENT TREND IN EGYPT'S TRADE

	Exports	Imports	Balance
	Mil. dol.	*Mil. dol.*	*Mil. dol.*
1960	551	646	—95
1961	462	663	—201
1961 (Jan.-Aug.)	367	422	—55
1962 (Jan.-Aug.)	301	537	—235

Egypt's normal trade deficit was pushed strongly upwards in 1961 because of the decline in earnings from cotton exports. All indications point to a record trade deficit for calendar year 1962 of well over $287 million. Increased imports of cereal grains and flour as well as machinery and pharmaceuticals were among the principal causes of the deficit.

India's No. 1 Farm Problem: FOOD GRAINS

Country's target of 100 million tons would feed its people but there's a big question as to whether goal can be reached.

By V. M. TANDON
Office of the U.S. Agricultural Attaché, India

The production of food grains occupies a pivotal role in the agricultural economy of India. Of the country's total crop area that devoted to food grains constitutes about 75 percent, and in the average daily diet of the Indian people, food grains supply about 75 to 80 percent of the caloric intake.

The major food grains grown in India are rice, wheat, grain sorghum, barley, corn, millets, and a variety of pulses. Of these rice and wheat are the most important, the first being a staple food for more than 60 percent of the population and the latter for about 20 percent.

Despite the large per capita consumption of food grains and the large proportion of the cultivated area that is planted to food grain crops, domestic production of these foods since Independence has been insufficient to meet consumption requirements. Total food grain imports have ranged between 0.7 million and 5.5 million tons per year, even though there has been a large increase in domestic output.

The continued high level of imports has resulted from three primary causes: (1) A large annual increase in population, now averaging about 10 million people per year; (2) relatively low per acre yields, and (3) a gradual increase in annual per capita income which has been accompanied by a gradual increase in per capita consumption of food grains.

ACREAGE AND PRODUCTION OF FOOD GRAINS[1] IN INDIA SINCE INDEPENDENCE

Year (July-June)	Harvested acreage	Production	Average yields per acre
	1,000 acres	*1,000 tons*[2]	*Pounds*
1947-48	217,645	51,994	535
1948-49	232,998	51,754	498
1949-50	245,330	54,048	493
1950-51	240,489	50,022	466
Average, 1947-48/1950-51	234,115	51,954	497
1951-52	239,599	51,175	478
1952-53	252,269	58,266	517
1953-54	269,509	68,718	571
1954-55	266,527	66,960	563
1955-56	273,203	65,794	539
Average, 1951-52/1955-56 (First Plan Period)	260,221	62,183	535
1956-57	274,627	68,752	561
1957-58	270,534	63,295	524
1958-59	283,591	76,103	601
1959-60	281,854	74,722	594
1960-61	279,825	79,691	638
Average, 1956-57/1960-61 (Second Plan Period)	278,086	72,513	584
1961-62 (provisional)	282,486	78,566	623

[1] Comprise milled rice, wheat, barley, corn, grain sorghums, millets and pulses.
[2] Long tons, 2,240 pounds.

Note: Acreage and production data for years prior to 1956-57 are not strictly comparable with the data for later years because of changes in the method of estimation of yields introduced since 1956-57.

Five-year plans

With a view to reducing the gap between domestic production and requirements and ultimately achieving self-sufficiency, the national Five Year Plans for economic development, which were instituted in 1951, have been giving a high priority to programs for increasing food grain production. Notable among these are programs to increase the production and use of chemical fertilizers and improved seeds, and to provide irrigation water to additional lands.

The first Five Year Plan aimed at raising the production of food grains to 61.6 million long tons a year by 1956, compared to 50.0 million tons in 1951, the year immediately preceding the plan period. This target was fully realized and surpassed by a wide margin in the third year of the plan. Production in 1956, the final year of the plan, was 4.2 million tons higher than the target. (Statistics are for India's agricultural year which runs from July 1 through June 30. For example, the year 1956 would mean crop year 1955-56. All years are indicated in the same manner.)

In the second Five Year Plan (1957 through 1961) the production of food grains was to have been increased to a level of 80.5 million tons. While it was not possible to attain this level in any year of the second plan, production in 1961 reached a new high of 79.7 million long tons, which was about 1 percent below the target.

Looking at the food grain picture a little more closely one finds that acreage for the 4-year period between Independence and the start of the first Five Year Plan averaged 234.1 million. During the second Five Year Plan, the average was 278.1 million, reflecting a rise of 19 percent in 10 years.

In this same period—from Independence to the end of the second plan—production rose from an average of 52.0 million tons to 72.5 million—an increase of about 39 percent.

On a per capita basis too, food grain production has increased at a fairly rapid rate, despite a large increase in population. In the 4-year period after Independence, it averaged 150 kilograms per person a year; then during the first plan it mounted to 165 kilograms, and in the second plan, to 175 kilograms.

Third-plan goal

The goal of the third Five Year Plan, 1962 through 1966, is to further increase food grain production to a level of about 100 million long tons per year by the end of the plan. On a per capita basis this would be equivalent to about 200 kilograms per person.

It is claimed that with the achievement of this target India would become self-sufficient in food grain production. However, the extent to which this target is achieved will depend in large measure upon the rate at which India can increase yields per acre of the food grain crops. Higher yields will, in turn, depend upon an increase in the supply and utilization of chemical fertilizers, improved seeds, further increase and improvements in the supply and management of irrigation water, and the widespread adoption of other improved cultural practices.

Progress in the first year—1962—of the third Five Year Plan indicates that India may not achieve the food-grain production target established for 1966. According to official Indian statistics, the production of food grains and pulses totaled 78,691,000 tons, a decline of 1.4 percent from the previous year. This was attributed mainly to unfavorable weather conditions, especially for the kharif (autumn and winter harvested) food grains. While no figures have been released on the current year's crop (crop year 1963), expectations are that it will be about the same as in 1962—with a possible variation of 1 or 2 percent upward or downward.

This is still a long way from the goal of 100 million tons—and self-sufficiency. Furthermore, the annual increase in India's population now requires slightly more than 1.5 million tons of food grains per year to maintain consumption at current levels. And so with the limitations that now exist on production requisites, India will continue to be a large importer of grains—primarily wheat—for several years. India hopes that these imports, as in former years, will be obtained principally from the United States, under Title I of P.L. 480.

India has been the largest recipient of U.S. farm commodities under Title I of P.L. 480. From the signing of the first agreement on Aug. 29, 1956, through Oct. 31, 1962, arrivals have included 16 million metric tons of wheat, 590,000 of feed grains, 787,000 of rice, and 1.3 million bales of cotton. Market value through Nov. 26 (including some shipping costs) was $2,423 million.

India Awarded Three Grants for Corn Research; The U.S. Would Benefit Too

A scientific institution in India has received three grants for research on insects and diseases of corn, and the responses of various corn breeding stocks to different cultural practices and climates.

These grants, all for 5-year periods, were made to the Indian Council of Agricultural Research, New Delhi. They will be paid for with Indian currency obtained by the United States from the sale of farm products in India under Public Law 480. This money cannot be converted into dollars for research in the United States. Foreign research done under P.L. 480 is administered by USDA's Agricultural Research Service.

The first grant, equal to $123,316 in rupees, will support research on insect pests of corn with special emphasis on stalk borers. Indian entomologists will study distribution of the principal insect pests of corn and how they react to the various climates of India. They will also determine borer resistance or tolerance of available corn breeding stocks. Special emphasis will be placed on the use of parasites, predators, and pathogens as insect-control methods.

The second grant, equal to $116,270 in rupees, will finance research on corn diseases. Corn in India is subject to many of the same groups of diseases that are important to U.S. corn growers. Surveys will be made to determine how many diseases are present and how severely they affect corn. These diseases will be studied in detail.

The third grant, equivalent to $188,560 in rupees, will finance the gathering of information on Indian corn varieties, including their disease and insect resistance and their adaptation and performance in various environments. Many of India's corn varieties that may contain genes important to U.S. corn breeding cannot be grown for study in the United States. Corn adapted to tropical areas, for example, will not mature normally here.

India's extremely wide range of climate also allows study of the effects of day length, temperature, and other conditions on many corn varieties.

Hong Kong Gets Bank Loan

The Export-Import Bank of Washington, on January 22, authorized a $30-million loan to Hong Kong for the purchase of approximately 215,000 bales of U.S. cotton from the 1962-63 and 1963-64 crops. Credit for this loan, the first made by Eximbank to Hong Kong, will be available to Hong Kong spinners through the Hong Kong and Shanghai Banking Corporation and The Chartered Bank, for 1 year from the date of agreement.

Hong Kong is expected to import about 435,000 bales (500 pounds gross) this season, somewhat below last season's 456,000 bales, but well above annual average imports of 405,000 in the past 5 seasons, when the United States supplied an annual average of 45 percent. All of these sales had been for dollars.

USDA Specialist Sees 25 Percent More U.S. Breeding Cattle Going to Mexico

Although Mexico is already the largest buyer of U.S. breeding cattle, sales to that country may increase by as much as 25 percent within 2 years, according to Frederick M. Lege, USDA dairy marketing specialist. Mr. Lege recently went on a trade mission to Mexico, where he contacted prospective buyers of U.S. dairy cattle and inspected the herds of cattlemen who now import U.S. breeding stock.

The market development program in Mexico is part of a larger promotion of U.S. cattle in Latin America begun in 1958. Since then, 25,407 head of U.S. cattle—Ayrshires, Brown Swiss, Holstein, Jersey, and Guernsey — have been imported by Mexico. In recent years, the United States has had nearly 100 percent of Mexico's breeding cattle market. At the National Livestock Exhibition in Mexico almost all of the dairy cattle on display were U.S. breeds.

At one farm in Torreon, Mr. Lege and Henry Hopp, U.S. Agricultural Attaché in Mexico, inspected some registered U.S. Holstein heifers that were milking about 40 pounds per day per head. Local animals were producing only 14-18 pounds.

A dairyman in Ciudad Victoria, using the latest production methods for his 90-head herd of U.S.-grade Holsteins, was especially pleased with the two bulls he had imported. One had won the 3-year old class competition at the 1962 Livestock Exhibition.

The team contacted prospective cattle buyers through the Union Regional Granadera, since Mexico has no formal purebred cattle registering associations. In Guadalajara, the Union arranged two meetings for U.S. team members, who told a group of Mexican cattlemen what kinds of stock are available for import and which of the U.S. breeders could supply them.

The U.S. technicians discovered at a large dairy farm that undersized beefy bulls were responsible for the herd's poor milk production. The owners were eager to contact the Holstein Friesian Association in the United States to get replacements.

"The size of the U.S.-Mexican cattle trade warrants the expenditure of time and effort to establish a sound basis of understanding with the Mexican cattlemen associations and the dairy farmers," Mr. Lege said.

U.S. Turkey Roll Gets Japanese Entry Permit

U.S. turkey roll is now free to enter Japan, through an agreement just reached by the U.S. Agricultural Attaché and the Japanese Ministry of Finance.

A recent investigation revealed the Japanese have been denying the roll's entry because they had identified the product by its appearance as a ham or sausage—the importation of which is prohibited in Japan. Officials decided the picture of a turkey on labels would cause less confusion in the future.

If the turkey roll is uncooked (fresh or frozen), the Japanese duty will be 10 percent. If it is cooked (canned), the duty is to be 25 percent.

U.S. turkey roll was exported to Japan last year for the first time. The British restaurant trade has been the biggest foreign buyer.

U.K. To Hold Its First USSR Agricultural Fair

The National Farmers' Union, large British farmers' organization, has announced plans to hold an agricultural exhibition in Moscow in May 1964, the first such fair ever to be held there by an English agricultural society.

Jacques Seed Company Gets Coveted "E" Flag

The Jacques Seed Company of Prescott, Wisconsin, has just been awarded the President's "E" Flag for its successful efforts to increase exports of high-quality U.S. hybrid seed corn.

Dr. Roland R. Renne, newly nominated Assistant Secretary of Agriculture for International Affairs, presented the award to William J. Jacques, President, and Charles J. Jacques, of the seed firm at a ceremony in Washington. Dr. Renne said the company's achievement was an excellent example of U.S. business enterprise. From left to right: William J. Jacques; Charles J. Jacques; Ray C. O'Keefe, U.S. Commerce Department; and Dr. Renne.

Australia Widens Search For New Dairy Markets

Asia Dairy Industries, Ltd., a new company formed by the Australian Dairy Produce Board and Malayan business interests, is widening its search for markets by plans to build plants in Hong Kong and Peru, and another sweetened condensed milk plant in Malaya.

The firm originally planned to limit operations to the Burma, Thailand, Malaya, and Philippines area. The first plant began production in the Philippines last month, will be followed by three others.

The company wants to sell Australia's excess butter fat and skim milk powder, which import quotas prevent Australia from selling to the United Kingdom, its best customer.

Ecuadoran Village Builds A Pilot School Lunchroom

On December 9 the community of Chilibulo in Ecuador dedicated a Christmas present for its children—a school lunchroom. The new facility represents a cooperative effort under the Alliance for Progress. Joining to make it possible were the Ecuadoran Government, CARE, Great Plains Wheat, Inc. (with the Foreign Agricultural Service), and—by no means least—the children's fathers and brothers, who did all the construction in their spare time, and their mothers, who take turns in cooking and serving the children's lunches.

This lunchroom, modeled after the one in Peru (*Foreign Agriculture*, April 1962), will itself serve as a model for Ecuador's other schools to follow. New ideas include a vegetable garden (already planted), to supplement the surplus U.S. foods furnished by CARE, and a communal chicken house.

Above, pupils line up for lunch as families watch; left, U.S. Ambassador and other guests inspect; below, the proof of the lunch is in the eating.

Pre-Mix Flour in Japan

Western Wheat Associates and the Japan Cake-Mix Association have agreed on a 2-year extension of the cake-mix promotion project that they have been carrying on in the Tokyo area. Under a new contract recently signed by the Association, the project will spread to all major metropolitan areas.

During the first year, which ended August 31, cake-mix products like doughnuts and Japanese-style pancakes were prepared at demonstration stands throughout the city and its suburbs. An estimated 1.5 million persons watched; 321,800 sampled the cookery; and 426,000 accepted leaflets telling how to prepare the products.

Japan's rapidly expanding pre-mix flour industry uses and needs flour from 100-percent U.S. quality soft wheat, and has spoken out vigorously for larger imports. Consumption of pre-mix flour has zoomed from only 293,600 bushels (wheat equivalent) in 1959 to an estimated 1.3 million in 1962. The industry expects further increases, for restaurants are selling more doughnuts and pancakes and housewives are cooking more of them.

As the project moves into its second year, demonstration stands will be set up in 42 department stores, retail outlets, and apartment-house centers throughout the country. The demonstrations are expected to reach approximately 7 million people.

An interesting sidelight on the project is its emphasis on developing portable equipment that might be usable at the Olympics in Japan.

P.L. 480 Aids U.K. Study

USDA has awarded the Research Association of British Flour Millers $72,751 (in pound sterling equivalent) to study the effect of wheat protein on the quality of bread. Designed to complement U.S. research, the result could increase the use of wheat in domestic and export markets.

Dutch Trade in Dairy Products, 1962

The Netherlands exported 617 million pounds of condensed milk in the first 10 months of 1962, compared with 568 million in the same months of 1961. Principal markets were Thailand—95 million pounds; Malaya and Singapore—67 million; the Philippines—50 million; and Nigeria—21 million. These sales, together with somewhat larger exports to many of the lesser markets, more than offset the marked reduction in sales of condensed milk to other traditional markets, among them Burma, Greece, India, West Germany, and France.

Dry whole milk shipments were up 16 percent to 67 million pounds. Venezuela, the major outlet, took 17 million. Trade with the United Kingdom, West Germany, Formosa, Iraq, Kuwait, and Saudia Arabia was heavier in this period, but that with Belgium and France was lighter.

Exports of nonfat dry milk increased 15 percent to 5 million pounds, of which more than 1 million went to Denmark.

Sales of butter were 53 million pounds, down 7 percent from last year. Sharply reduced exports to Italy and the United Kingdom accounted for this decline, more than offsetting larger shipments to West Germany, Belgium, and several other markets.

Shipments of cheese at 196 million pounds were almost the same as a year ago. Sales to West Germany dropped from 104 million pounds to 100 million; those to Belgium, from 43 million to 37 million. Shipments to the United States rose from 2 million pounds to 4 million.

Italy's Wheat Supplies at High Level

Italy's wheat supply last summer, at the beginning of the 1962-63 marketing year, was about 15 percent larger than supplies a year earlier. A near-record crop of 350 million bushels plus some increase in carryover stocks accounts for the high supply level.

Soft wheat accounts for the increase in the 1962 crop; production of about 295 million bushels is some 50 million above the 1961 outturn. This increase will provide larger supplies for export than in 1961-62. Present forecasts call for total exports of about 11 million bushels, compared with only 2 million last season.

Durum production of 55 million bushels is 11 percent below the 1961 figure, and imports of about 9 million bushels will be required.

Supplies of feed grains are smaller than a year ago, maily because of a substantially smaller corn harvest this year; the current estimate of 125 million bushels contrasts with the record crop of 155 million bushels harvested last year. Larger feed grain imports are expected in the current marketing year to maintain Italy's expanding livestock development program. Despite the low level of rye supplies, however, virtually no rye imports are expected because of a very high levy imposed by Italy under EEC regulations.

Cambodia's Rice Crop Sets Record

The 1962-63 rough rice crop in Cambodia is officially estimated at a record 1,600,000 metric tons, even better than last year's good crop of 1,560,000. Average production in the 5 years from 1955-56 through 1959-60 approximated 1,400,000 tons.

If the current harvest now being completed reaches this high estimate, Cambodia will have a record 400,000 tons of milled rice to export in 1963. Its previous record was 355,000 tons in 1960, and the 1956-60 average was 201,000 tons in terms of milled rice.

Asia Has Good Rice Crops

Weather has been generally favorable for rice production in 1962-63 in several of the rice countries of Asia outside the Communist Bloc.

The principal exporting countries—Burma, Thailand, Vietnam, and Cambodia—had the best crops in years. The first estimate of Thailand's record crop is 8 percent above the large harvest of 1961-62 and 27 percent more than the average from 1955-56 through 1959-60. Cambodia also has a record crop.

In East Pakistan, where most of Pakistan's rice is produced, floods reduced acreage and the crop was expected to decline. West Pakistan's acreage showed some gain, and good yields are reported.

Of the main importing countries, India and Japan also had favorable crop conditions. Japan had a record output. In mid-season reports, India's acreage approximates the record of last year, though it is not yet known whether the yield per acre will reach or exceed the high level of the crop produced in 1961-62.

Argentine Feed Grain Crop Small

The feed grain harvest recently completed in Argentina was only half as large even as last season's relatively poor crop, according to official estimates. This puts total available supplies for use during 1963 substantially below normal domestic needs.

Production of small grains was hard hit by drought in La Pampa and southwestern Buenos Aires Provinces. Shortage of feed supplies forced livestock producers to pasture grainfields more heavily than usual and thus the proportion of the acreage allowed to mature as grain was much below normal.

Present estimates are that only 35 percent of the oats area, 28 percent of the barley area, and 12½ percent of the rye area seeded was harvested for grain. These percentages compare with 10-year averages of 48 percent, 65 percent, and 37 percent, respectively.

Fairly substantial amounts of these grains will be imported to supply needs for the current season, placing a further strain on the country's already depleted foreign exchange reserves.

Ecuador's Cigarette Output Down Again

Cigarette output in Ecuador during the first 5 months of 1962 totaled 249 million pieces—down 7.8 percent from the 270 million produced in January-May 1961. If this trend continued, the total for 1962 was down from the temporary increase in 1961.

After declining for 9 consecutive years, output had turned upward during 1961 when production was 630 million pieces. The 1951 high was 782 million.

A substantial portion of Ecuador's cigarette sales consists of imported cigarettes—mainly of U.S. origin. In fiscal 1962, large quantities both of cigarettes and of smoking tobacco in bulk (for use in cigarette manufacture) were shipped to Ecuador under Title I, Public Law 480.

Canada Uses More Leaf Tobacco

Usings of leaf tobacco by Canadian manufacturers during January-September 1962 totaled 96.2 million pounds—up 2.2 percent from the 94.1 million used during the same period in 1961.

Usings of all kinds of leaf tobacco, except dark air-cured and dark fire-cured, were larger than in the first 9 months of 1961. Usings of flue-cured totaled 85.3 million pounds, compared with 83.4 million in January-September 1961. Use of imported flue-cured totaled 559,000 pounds, compared with 149,000. Usings of burley and cigar leaf were up 1.2 and 1.7 percent, respectively.

Stocks of unmanufactured tobacco on September 30, 1962, were a record 206.1 million pounds. Most of the gain occurred in cigar and flue-cured tobaccos. Stocks of cigar tobaccos at 12.6 million pounds were 9.6 percent larger than the 11.5 million held on September 30, 1961; flue-cured stocks totaled 181.8 million pounds, compared with 174.6 million. Stocks of burley, however, were about 2 percent below the 8.1 million pounds held on September 30, 1961.

Honduras Expands Burley and Cigar Tobaccos

Tentative forecasts place the 1963 tobacco harvest in Honduras at 9.3 million pounds, compared with 9 million for the previous season. Burley production is estimated at 600,000 pounds—up substanttially from the 1962 harvest of only 94,000 pounds. Production of cigar tobaccos (Havana-type wrapper and Cuban-type filler), is estimated at 1.7 million pounds, compared with 400,000 pounds in 1962 and less than 100,000 in 1961.

Production of cigar tobaccos in the Copan area is the result of a cooperative effort between Honduran tobacco producers, mainly Cuban exiles, and a U.S. cigar leaf firm. Also, the National Development Bank is granting credit to other growers, particularly in the Jamastran and Ojo de Agua areas, to expand production of the cigar wrapper and filler varieties, which they hope to export to the United States. To aid this program during the next 3 years, the government is allowing duty-free imports of cheesecloth for shade, jute cloth for seedlings, propane gas, and equipment for curing tobacco.

The expansion in cigar tobacco acreage has supplanted some flue-cured and some dark air-cured in the Copan area. Tentative estimates place the 1963 flue-cured harvest at 1.1 million pounds, compared with 1.8 million in 1962. The harvest of dark air-cured tobacco (Copan), is forecast at 5.9 million pounds, compared with 6.6 million last season and the 1955-59 annual average of 8.3 million. A large proportion of the dark air-cured tobacco is exported to El Salvador and used in the manufacture of dark cigarettes and cigars. Exports to the United States in 1961 totaled 3.6 million, compared with 2.8 million in 1960.

Indian Jute Mills Continue Full Production

Mills of the Indian Jute Mills Association will continue at maximum production with no looms sealed until the end of February.

Mills worked at full capacity every month in 1962 to meet the firm demand for both sacking and hessians. Despite the maximum rate of manufacture, stocks of both sacking and hessians were reduced and a heavy accumulation of raw jute was still on hand at the end of the year. Raw jute is plentiful in India and the Jute Commissioner has been placing pressure on mills to buy larger quantities and thus halt the downward trend in jute prices.

During December, overall production of jute goods by mills of the IJMA rose 2,800 tons, to 104,200; but stocks declined 8,400 tons, to 83,000. It is believed that this rate of offtake may be maintained through the first quarter of 1963.

Thailand Reduces Coffee Ratio

For every 100 units of imported coffee in any form, Thai importers are now compelled to buy 8 units of domestic coffee beans. This reduction from the previous ratio of 10-100 became effective January 12, 1963, and reflects smaller supplies of domestic beans.

Imports of coffee into Thailand in 1961 (the latest year for which figures are available) were: green coffee 4,992 metric tons, roasted coffee 11 metric tons, and soluble coffee 52 metric tons.

France and Franc Zone Set Coffee Prices

With the start of the 1963 coffee year France will begin to reduce the premium prices it now pays for coffee imported from the franz zone.

The reduction of this "surprix" will begin in October and prices are expected to be at the world level at the beginning of the 1967 coffee year. An annual reduction rate of 15 to 35 percent will be fixed at the beginning of each coffee year by the Association Council, which is composed of 6 representatives from the Common Market and 16 representatives from Africa.

More than a third of France's coffee imports are from the Ivory Coast, which has used the premium price to subsidize exports to markets outside the franc zone. The price of Ivory Coast Grade 2 coffee in the United States is between NF. 2.10 and NF. 2.20 (about 21 cents per lb.). The same coffee is sold in France for NF. 2.95 (about 29 cents). This difference will be eliminated.

1963 Brazil Nut Harvest Up

The 1963 Brazil nut harvest is estimated at 44,000 tons, while the 1962 estimate has been revised upward to 33,000. A record was set in 1961 when 55,000 tons of Brazil nuts were harvested.

WORLD BRAZIL NUT PRODUCTION

Region	1962	1963
Brazil:	*Tons*	*Tons*
State of Para	12,500	14,500
Lower Amazon	1,700	2,500
State of Amazon	11,000	6,000
Acre Territory	3,300	15,500
Bolivia	4,500	5,500
Total	33,000	44,000

The water level of the Amazon and Tocantins Rivers—the only avenue to the trees in the jungle—was reported to be too low in the 1962 harvest season to permit access by the pickers. However, the level is now reported to be high enough to permit easy access during the 1963 harvest.

In early January 1963 the f.o.b. prices of Brazil nuts in Belem were reported as follows (cents per pound): unshelled 11; dehydrated 16 and shelled 45.

BRAZIL'S EXPORTS OF BRAZIL NUTS

Destination	Shelled		Unshelled	
	1961	1962 [1]	1961	1962 [1]
	Tons	*Tons*	*Tons*	*Tons*
Argentina	5	—	1,173	11
Australia	35	30	5	—
Canada	319	74	660	302
Germany, West	108	28	6,594	2,457
United Kingdom	1,800	1,092	14,642	5,092
United States	4,567	730	9,758	2,868
Others	9	3	287	—
Total	6,843	1,957	33,119	10,730

[1] 6 months, January-June.

Europe Good Market for U.S. Onions

This is the third season of an excellent demand for U.S. onions in Western Europe. Peak shipments are usually January through early March, and it is probable that exports would have exceeded any previous record except for the U.S. longshoremen's strike.

Availability of shipping space, and the trade's ability to deliver onions to shipside without freezing injury during the next few weeks, will largely determine the volume of exports this season. Spring onions from Egypt will be a strong competitor beginning in March, but there will be some demand for the small-size yellow globe storage onions until early May.

Europe Begins Buying U.S. Potatoes

The current European potato shortage is offering U.S. growers an export opportunity usually closed to them.

Poor growing conditions in much of Europe resulted in a 1962 potato output only slightly above the small crop of the previous year. Traditional suppliers—Belgium, the Netherlands, and Denmark—are unable to move their stocks out of storage because of the cold wave.

In the last 10 days of January, Maine producers booked orders for 18,000 tons for Portugal and Italy. Since U.S. prices are competitive in most European countries, more producers are expected to follow suit.

Canned Fruit and Juice Prices in Hamburg

Selling prices (import duties and customs charges paid) of selected canned fruits and juices in Hamburg, Germany, in January 1962, October 1962, and January 1963 are compared as follows:

Type and quality	Unit	Price per dozen units: Jan. 1962	Oct. 1962	Jan. 1963	Origin
CANNED FRUIT	*Cans*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots:					
Halves, choice	2½	3.90	[1]	[1]	Australia
Halves, choice	2½	[1]	[1]	3.87	Greece
Halves, choice	2½	3.90	3.75	3.69	S. Africa
Halves, choice	2½	[1]	3.78	3.72	Spain
Halves, choice	2½	3.87	[1]	[1]	U. S.
Peaches:					
Halves, choice	2½	3.90	3.70	3.72	U. S.
Halves, choice	10	[1]	13.96	13.80	U. S.
Slices, choice	2½	3.54	3.33	3.30	U.S.
Pears:					
Halves, choice	2½	[1]	4.25	3.99	Argentina
Halves, choice	2½	[1]	[1]	4.14	Australia
Halves, choice	2½	[1]	[1]	3.90	Canada
Halves, choice	2½	4.81	4.60	4.48	Italy
Halves, choice	2½	4.42	4.28	4.30	Netherlands
Fruit cocktail:					
Choice	15 oz.	[1]	[1]	2.67	Spain
Choice	300	[1]	2.85	[1]	U. S.
Choice	2½	4.81	4.52	4.39	U. S.
Choice	10	19.35	18.00	17.25	U. S.
Pineapple:					
Slices, fancy	2½	5.13	4.73	4.54	U. S.
Slices, choice	2½	3.63	3.57	[1]	Mexico
Slices, choice	2½	3.78	3.78	3.68	Philippines
Slices, choice	2½	3.54	3.51	3.51	S. Africa
Slices, choice	2½	3.72	[1]	[1]	Taiwan
Slices, choice	2½	4.03	3.88	4.00	U. S.
Slices, choice	1 tall	2.18	2.18	2.15	Malaya
Slices, choice	2	2.43	[1]	2.40	Kenya
Broken pieces					
Choice	2½	[1]	3.30	[1]	S. Africa
Choice	2½	3.18	3.30	3.15	Taiwan
Crushed [2]	10	9.03	9.24	8.13	S. Africa
Crushed [2]	10	9.69	9.24	8.04	Taiwan
Crushed, fancy	10	[3] 12.06	11.94	11.94	U. S.
CANNED JUICES					
Orange juice:					
Unsweetened	2	1.98	[1]	2.06	Israel
Unsweetened	2	1.99	1.82	2.03	U. S.
Unsweetened	46 oz.	5.21	4.32	4.66	U. S.
Grapefruit juice:					
Unsweetened	2	1.42	1.42	1.69	U. S.
Unsweetened	46 oz.	3.39	3.15	3.45	U. S.
Pineapple juice:					
Choice	2	[3] 1.60	1.64	1.63	S. Africa
Fancy	2	1.72	1.70	[3] 1.66	U. S.
Fancy	10	8.64	8.64	8.64	U. S.

[1] Not quoted. [2] Quality not specified. [3] Choice.

Mexican Firm Again Packing Export Beef

A meat-packing plant in Tampico, Mexico, closed for several years, reopened in December 1962 to produce beef for export to the United States.

The plant, which has about 450 employees, is now slaughtering some 1,200 animals per week. About half of the meat shipped is in wholesale cuts and the rest is boneless beef. Shipment to the United States is made in refrigerated trailers leased from U.S. firms.

U.K. Lard Imports Rise in 1962

The United Kingdom imported 415 million pounds of lard in the first 11 months of 1962, up nearly 25 percent from the same period a year earlier.

During November, imports of U.S. lard totaled 35 million pounds, making the U.S. total for the 11 months 25 percent higher than a year earlier. Both Belgium and Poland gained larger shares of the market, mostly at the expense of France and the Netherlands.

UNITED KINGDOM IMPORTS OF LARD

Origin	Jan.-Nov. 1962		Jan.-Nov. 1961	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	320,387	77.2	253,596	75.2
France	21,814	5.2	37,539	11.1
Belgium	21,718	5.2	9,980	3.0
Poland	16,427	4.0	7,797	2.3
Denmark	16,412	4.0	13,888	4.1
Netherlands	6,790	1.6	9,827	2.9
Germany, West	6,491	1.6	1,187	.4
Sweden	4,041	1.0	2,036	.6
Other	923	.2	1,396	.4
Total	415,003	100.0	337,246	100.0

Henry A. Lane and Co., Ltd.

Germany Extends Meat Import Tenders

On January 23, 1963, the German Foreign Trade Agency extended until April 30, 1963, the import period for lard, fatback, pork liver, pork kidneys, and beef liver from the United States, Canada, and various other countries.

Applications for import licenses may be submitted until a quota of undisclosed value has been used, but for lard not later than April 26, 1963, and for fatback and the other items not later than April 25, 1963.

Venezuela Sets New Pork Import Ratio

Since January 6, 1963, importers of pork in Venezuela have been required to show that they have bought 1 pound of domestic hog (live weight) for slaughter for every 2 pouds of pork they plan to import.

The ratio set on June 26, 1962, had been 1 pound local hog to 4 pounds imported pork.

Canada Expects Hog Slaughter To Rise

Canada's Department of Agriculture has forecast that hog marketings (slaughtered in inspected and approved plants) will be somewhat higher this year—6,680,000 head by the end of December 1963, compared with 6,598,000 the year before. Considerably heavier marketings in the last 6 months will offset declines in the first 6.

Total marketings for January-March are forecast at 1,650,000 head, or an average of 126,900 per week. In 1962, actual marketings during this period were 11.5 percent higher—1,864,700, with a weekly average of 143,400.

For April-June, the Department expects marketings of 1,630,000 head, averaging 125,400 per week, or only 1 percent less than a year earlier. Actual marketings in April-June 1962 were 1,646,200, or 126,600 per week.

For July-December, however, 1963 marketings are forecast at 3,400,000 head, or 10.1 percent above the 3,087,100 of a year earlier. Weekly marketings will average 130,800 in this period compared with 118,700 in 1962.

Australian Meat Moves to the U.S.

Two ships left Australia the second week in January with 8,270,080 pounds of beef, 1,182,720 pounds of mutton, 376,320 pounds of lamb, and 35,840 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
				Pounds
Pioneer Star, Jan. 8	Charleston	Feb. 2	Beef	145,600
			Mutton	67,200
	New York	Feb. 16	Beef	268,800
			Mutton	80,640
	Baltimore	Feb. 20	Beef	67,200
			Mutton	22,400
Port Fairy, Jan. 9	New Orleans	Feb. 15	Beef	490,560
			Mutton	89,600
	Charleston	Feb. 15	Beef	781,760
			Mutton	105,280
			Var. meats	33,600
	Norfolk	Feb. 22	Beef	828,800
			Mutton	33,600
	Boston	Feb. 25	Beef	562,240
			Mutton	100,800
			Lamb	208,320
			Var. meats	2,240
	New York	Mar. 1	Beef	4,706,240
			Mutton	515,200
			Lamb	78,400
	Philadelphia	Mar. 7	Beef	418,880
			Mutton	168,000
			Lamb	89,600

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

Uruguayan Flaxseed Production Increases

Uruguay's 1962-63 flaxseed crop is estimated unofficially at 4.1 million bushels from 427,480 planted acres, representing increases of 10 percent in output and 20 percent in acreage from a year earlier. This volume of production would be the largest since 1952-53.

Exports of flaxseed during the first 11 months of 1962 totaled 1.1 million bushels compared with only 192,000 during January-November 1961. The increase is attributed to reduced taxes on flaxseed exports and increased taxes on linseed oil exports as of November 30, 1961. This action encouraged farmers to sell to seed exporters rather than to oil manufacturers. Major markets were France, the Netherlands, and Finland.

Linseed oil exports during January-November were 17,340 tons against 27,780 a year earlier. Principal markets were the Netherlands, West Germany, and Italy.

Practically all the carry-in stocks of both flaxseed and linseed oil were exhausted at the end of 1962.

As of mid-January the Uruguayan Government was studying the possibility of reducing taxes on linseed oil exports and limiting flaxseed exports to a rate of 1 metric ton to every 3 tons of linseed oil exported. Such a plan probably would increase linseed oil exports and reduce those of flaxseed.

Japanese Soybean Market Active

Japanese importers have recently purchased a total of 90,500 metric tons (3.3 million bushels) of soybeans from the United States for March/April/May shipments, according to Japanese trade reports.

For March, shipments are reported at 58,500 tons (2.1 million bushels); for April and May, each 16,000 tons (587,890 bushels).

Recent trade reports are that due to sharp increases in price quotations on the Chicago market, the Tokyo market has been quite active. Quotations on the Tokyo spot market (based on delivery at warehouse in Yokohama as of Jan. 18) were as follows for this year and last:

Origin	1962		1963	
	Yen per metric ton	*U.S. dollars per bushel*	*Yen per metric ton*	*U.S. dollars per bushel*
U.S.A. Illinois	45,700	3.45	52,000	3.93
U.S.A. Indiana/ Ohio	——	——	54,000	4.08
Communist China	45,000	3.40	51,000	3.86

Spain Sets Olive Oil Export Regulations

Spain's National Supply Commission late last year issued regulations requiring olive oil exporters to deliver to it as much oil as they intend to export.

Apparent object of the regulations is to reserve most of Spain's olive oil supplies for home consumption. This will tend to decrease domestic prices, which have risen substantially because of the reduced and late olive crop in Spain as well as the relatively small crop in the Mediterranean Basin.

Highlights of the report follow:

Spanish exporters of olive oil must place at the Commission's disposal in 1-liter cans the same amount of oil as they intend to export.

When a minimum of 15,000 metric tons of properly packed oil has been delivered, the Commission will begin issuing receipts to the Autonomous Group of Olive Oil Exporters; these receipts must accompany all applications for export licenses.

For the oil delivered, the Commission will pay 25 pesetas per kilogram (18.9 cents per lb.) net, including packing. Oil is to meet the following specifications: 70 percent of it must be virgin oil of good flavor and up to 1.5 degrees acidity; the rest, refined oil. The blend of both types is not to exceed 1.0 degree in acidity, allowing for a maximum tolerance of 0.1 degree.

The National Supply Commission will supplement these regulations with further instructions for proper compliance with existing regulations.

Exporters state that at the present high producer prices of around 33 pesetas per kilogram (24.9 U.S. cents per lb.) for 1.5-degree olive oil, it will be impossible to continue exporting olive oil.

Through the supplies purchased under the regulations, the Commission will be able to sell low-cost olive oil on the domestic market. Prices, therefore, may be expected to decline to levels near those of last spring.

Japan Still Buying Red China's Soybeans

Japan probably will import 180,000 metric tons (6.6 million bushels) of soybeans from Communist China in calendar 1963, according to recent expectations. This will include 150,000 tons from the 1962 crop (about 30,000 tons from the 71,500-ton purchase of last October and 120,000 tons from the later 150,000-ton-purchase) and 30,000 tons from the 1963 crop.

This volume of imports would be only slightly larger than the estimated 173,441 tons (6.4 million bushels) Japan imported from Communist China in 1962 but would be over 4 times the 1961 figure.

Japan's soybean imports from Communist China in 1962 accounted for over 13 percent of its estimated total imports of 47.6 million bushels from all sources; its imports from the United States, at 41.2 million bushels, accounted for over 86 percent of the total. The only other source, Brazil, provided less than 1 percent.

JAPAN'S SOYBEAN IMPORTS BY MAJOR SOURCES

Source	1961	1962		
		Jan.-Nov.	December [1]	Total [2]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
United States	40.5	34.5	6.6	41.2
Communist China	1.6	5.2	1.2	6.4
Brazil	.1	.1	——	.1
Others	.4	——	——	——
Totals	42.6	39.8	7.9	47.6

[1] Preliminary estimate. [2] Totals computed from unrounded numbers.

Source: Customs Division, Japanese Ministry of Finance.

Japanese firms at the Canton fair last October purchased 70,100 tons (2.6 million bushels) of soybeans from Communist China for delivery during November 1962-April 1963 (*Foreign Crops and Markets,* November 19, 1962). Subsequently a Japanese trade mission promised to purchase an additional 150,000 tons (5.5 million bushels) during February-October 1963 (*Foreign Crops and Markets,* December 17 and December 24, 1962). The scheduled February shipment of 12,000 tons (440,920 bushels) will be the first under the later transaction and will be followed by 12,000 tons in March and 8,000 tons (293,927 bushels) in April.

Originally the Japanese mission planned that the entire 150,000 tons would be available from the 1962 crop, but the plan has recently been revised so that only 120,000 tons (4.4 million bushels) will be from the 1962 crop and the rest from the 1963 crop.

Last fall, the Government postponed the liberalization of imports of soybean oil, soybean meal, peanut oil, cottonseed oil, sunflower oil, corn oil and safflower oil. This was done with the hope of lowering or eliminating the present duty on imported soybeans, thereby making domestically manufactured soybean oil and soybean meal competitive with the imported commodities. However, these plans have not yet materialized, owing to many complications. As a result the liberalization actions on oil and meal are now not expected until about July.

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COMMODITY INDEX

Cotton

5 Egypt's Cotton Export Controls

Dairy and Poultry Products

9 U.S. Turkey Roll Gets Japanese Entry Permit
9 Australia Widens Search For New Dairy Markets
11 Dutch Trade in Dairy Products, 1962

Fats, Oilseeds, and Oils

14 Uruguayan Flaxseed Production Increases
15 Japanese Soybean Market Active
15 Spain Sets Olive Oil Export Regulations
15 Japan Still Buying Red China's Soybeans

Fruits, Vegetables, and Nuts

13 1963 Brazil Nut Harvest Up
13 Europe Good Market for U.S. Onions
13 Canned Fruit and Juice Prices in Hamburg
13 Europe Begins Buying U.S. Potatoes

Grains, Feeds, Seeds and Hops

7 India's No. 1 Farm Problem: Food Grains
8 India Awarded Three Grants for Corn Research
9 Pre-Mix Flour in Japan
11 Italy's Wheat Supplies At High Level
11 Cambodia's Rice Crop Sets Record
11 Asia Has Good Rice Crops
11 Argentine Feed Grain Crop Small

Livestock and Meat Products

9 USDA Specialist Sees 25 Percent More U.S. Breeding Cattle Going to Mexico
13 Mexican Firm Again Packing Export Beef
14 U.K. Lard Imports Rise in 1962
14 Germany Extends Meat Import Tenders
14 Venezuela Sets New Pork Import Ratio
14 Canada Expects Hog Slaughter To Rise
14 Australian Meat Moves to the U.S.

Sugar, Fibers, and Tropical Products

12 Indian Jute Mills Continue Full Production
12 Thailand Reduces Coffee Ratio
12 France and Franc Zones Set Coffee Prices

Tobacco

12 Ecuador's Cigarette Output Down Again
12 Canada Uses More Leaf Tobacco
12 Honduras Expands Burley and Cigar Tobaccos